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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket Nos. 10-90 and 05-337; DA 12-1561, 12-1687, 12-2011, 12-2029, 13-70]

Wireline Competition Bureau Releases Connect America Phase II Cost Model Virtual Workshop

Discussion Topics

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Wireline Competition Bureau releases for discussion a number of virtual workshop topics related to the development and adoption of the forward-looking cost model for Connect America Phase II.

DATES: Comments are due on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERALREGISTER]** and reply comments are due on or before **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: You may submit comments, identified by WC Docket Nos. 10-90 and 05-337, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://fjallfoss.fcc.gov/ecfs2/>. Follow the instructions for submitting comments.
- Virtual Workshop: In addition to the usual methods for filing electronic comments, the Commission is allowing comments, reply comments, and ex parte comments in this proceeding to be filed by posting comments at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>.

- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: (202) 418-0530 or TTY: (202) 418-0432.

For detailed instructions for submitting comments and additional information on the rulemaking process, see the SUPPLEMENTARY INFORMATION section of this document.

FOR FURTHER INFORMATION CONTACT: Katie King, Wireline Competition Bureau at (202) 418-7491 or TTY (202) 418-0484.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Public Notices in WC Docket Nos. 10-90, 05-337; DA 12-1561, 12-1687, 12-2011, 12-2029, 13-70 released October 9, 2012, October 19, 2012, December 11, 2012, December 17, 2012, and January 17, 2013 as well as information posted online in the Wireline Competition Bureau's Virtual Workshop. The complete text of the Public Notices is available for inspection and copying during normal business hours in the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. These documents may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), 445 12th Street, SW., Room CY-B402, Washington, DC 20554, telephone (800) 378-3160 or (202) 863-2893, facsimile (202) 863-2898, or via the Internet at <http://www.bcpweb.com>. In addition, the Virtual Workshop may be accessed via the Internet at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>.

I. INTRODUCTION

1. On November 18, 2011, the Federal Communications Commission (Commission) released the USF/ICC Transformation Order, 76 FR 73829, November 29, 2011, adopting a framework for providing ongoing support to areas served by price cap carriers, including areas where broadband service is not currently provided, known as Connect America Phase II. The Commission delegated authority to provide this ongoing support through a combination of a forward-looking cost model and competitive bidding to the Wireline Competition Bureau (Bureau).

2. On December 15, 2011, the Bureau released the Request for Models PN, 76 FR 80941, December 27, 2011, inviting interested parties to submit proposed forward-looking cost models. In response, parties submitted two models into the record, and thereafter, on June 8, 2012, the Bureau released the Model Design PN, 77 FR 38804, June 29, 2012, seeking comment on certain model design and input issues. The Bureau also held an in-person workshop to discuss the two models on September 13 and 14, 2012.

3. To provide additional opportunities for all affected stakeholders and interested parties to provide input on additional model design and input issues, on September 12, 2012, the Bureau announced that it would encourage and facilitate public participation on the characteristics of a model that will best fulfill the objectives established by the Commission via an ongoing “virtual workshop.”

II. DISCUSSION

4. The Bureau commenced the Connect America Cost Model Virtual Workshop on October 9, 2012, and has begun soliciting input on a number of topics that the Bureau will consider – in addition to the topics previously raised in the Model Design PN – in developing and adopting the forward-looking cost model for Connect America Phase II. The virtual workshop may be accessed via the Internet at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>.

5. On December 11, 2012, the Bureau announced the release of the first version of the Connect America Cost Model and solicited input in the virtual workshop as to whether any other functionalities or capabilities should be added to the Connect America Cost Model platform.

6. On December 17, 2012, the Bureau announced it was soliciting public input on two newly added virtual workshop discussion topics: calculating average per-unit costs/take rate; and assigning shared costs.

7. In addition, the Bureau asked the public to provide input on topics on which it previously sought comment in light of the release of version one of the Connect America Cost Model: determining customer locations; clustering; routing; capturing variation by geography; inter-office transport cost;

voice capability; wire center facilities; sizing of network facilities; the use of company-specific values; calculating opex; determining the annualized cost of capital investments; determining the sharing factor for outside plant; plant mix; labor-cost adjustment based on location. In particular, commenters are invited to address the questions previously posed, focusing specifically on the choices made in both version one and version two of the Connect America Cost Model.

8. Parties wishing to participate in the virtual workshop may do so by visiting <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012> and posting their comments by the deadlines indicated above. Parties also may choose to address any issue raised in the virtual workshop by filing comments through traditional channels at the FCC, such as the Commission's Electronic Comment Filing System (ECFS). The Bureau anticipates adding additional discussion topics as the virtual workshop progresses. All future topics for the virtual workshop will be announced by Public Notice and published in the Federal Register.

9. The Bureau will not rely on anonymous comments posted during the workshop in reaching decisions regarding the model. Participants should be aware that identifying information from parties that post material in the virtual workshop will be publicly available for inspection upon request, even though such information may not be posted in the workshop forums.

10. At the close of the Virtual Workshop, comments from the Virtual Workshop will be included in the official public record of this proceeding, along with comments filed through traditional channels at the FCC, such as the Commission's Electronic Comment Filing System (ECFS). In the meantime, parties are encouraged to examine both the Virtual Workshop and the official public record of this proceeding in order to be aware full range of discussion occurring in this proceeding, including discussion on the characteristics of and inputs to the CACM.

III. PROCEDURAL MATTERS

A. Initial Regulatory Flexibility Act Analysis

11. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Bureau prepared an Initial Regulatory Flexibility Analysis (IRFA), included as part of the Model Design PN, 77 FR 38804, June 29, 2012, of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in these Public Notices and the information posted online in the Virtual Workshops. We have reviewed the IRFA and have determined that it does not need to be supplemented.

B. Filing Requirements

12. Comments and Replies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415 and 1.419, interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). See Electronic Filing of Documents in Rulemaking Proceedings, 63 FR 24121, May 1, 1998.

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th Street, SW., Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW., Washington DC 20554.

13. Virtual Workshop. In addition to the usual methods for filing electronic comments, the Commission is allowing comments in this proceeding to be filed by posting comments at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>. Persons wishing to examine the record in this proceeding are encouraged to examine the record on ECFS and the Virtual Workshop. Although Virtual Workshop commenters may choose to provide identifying information or may comment anonymously, anonymous comments will not be part of the record in this proceeding and accordingly will not be relied on by the Commission in reaching its conclusions in this rulemaking. The Commission will not rely on anonymous postings in reaching conclusions in this matter because of the difficulty in verifying the accuracy of information in anonymous postings. Should posters provide identifying information, they should be aware that although such information will not be posted on the blog, it will be publicly available for inspection upon request.

14. People with Disabilities. To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

15. Availability of Documents. Comments, reply comments, and ex parte submissions will be publicly available online via ECFS. These documents will also be available for public inspection

during regular business hours in the FCC Reference Information Center, which is located in Room CY-A257 at FCC Headquarters, 445 12th Street, SW, Washington, DC 20554. The Reference Information Center is open to the public Monday through Thursday from 8:00 a.m. to 4:30 p.m. and Friday from 8:00 a.m. to 11:30 a.m.

FEDERAL COMMUNICATIONS COMMISSION.

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